

savings.

15. Even taking this conservative approach, staff estimates consumer benefits averaging approximately \$1.5 billion a year between 2016 and 2018. This does not include any estimate of savings to carriers as a result of reduced ICC disputes, or the value of increased certainty in ICC receipts and obligations. These omissions are especially significant given that the \$1.5 billion benefits estimate reflects a comparison of ICC revenues under reform to a trended no-reform baseline: ICC payment declines under the no-reform baseline would likely be accompanied by significant and growing billing disputes, which impose real costs on carriers, and ultimately consumers. Reform reduces total ICC payments without imposing these costs. Given this, and given the other ways in which the \$1.5 billion estimate is conservative, staff concluded that actual benefits to consumers are likely to fall somewhere between this amount and the \$2.6 billion upper bound described above, derived based on untrended 2010 revenues. For example, were one to simply take the midpoint between these values, it would be approximately \$2.1 billion per year.

#### **Consumer Payments: Access Recovery Charges**

16. Weighed against these consumer benefits, staff estimated that, at their peak, the annual cost to consumers of ARC increases will likely be less than \$500 million per year, including ARCs paid by businesses, which we expect will be passed through, in whole or in part, to customers, and ARCs paid by consumers directly. The total ARCs that carriers will be permitted to charge under the Order will reach a peak of approximately \$800 million across all end users in 2017 (i.e., including consumers, single-line businesses, and multi-line businesses), and then decline gradually over time with decreases in carriers' Eligible Recovery.<sup>25</sup> The ARC increases that consumers and businesses actually see, however, are likely to be 25 to 50 percent less than allowed ARC increases, on average.<sup>26</sup> Applying this 25 to 50 percent discount to peak allowable ARC implies that, at their peak year, all end users will likely pay a total of approximately \$500 million, and will pay less in preceding and subsequent years. Staff assumed that businesses will pass 100 percent of ARC increases onto their customers,<sup>27</sup> and therefore we estimate total consumer costs will reach approximately \$500 million in the peak year.

17. Comparing this amount to the estimated consumer benefits of ICC reform implies that consumer benefits are likely to outweigh ARC payments by more than 3 to 1, based on a conservative estimate of benefits.

---

<sup>25</sup> See *supra* para. 852.

<sup>26</sup> See, e.g., Reply Comments of AT&T Inc. on the Missoula Plan for Inter-carrier Compensation Reform, CC Docket No. 01-92, filed Feb. 1, 2007, Exhibit 1 at n. 11 (noting that carriers likely cannot charge full permitted recovery charges on all customers); see also <http://www.phoenix-center.org/perspectives/Perspective11-06Final.pdf> (estimating carriers realize as little as 40 percent recovery of lost ICC revenues from permitted fixed charge increases).

<sup>27</sup> This differs from staff's assumption about multiline businesses' pass through of savings, see *supra* note 21, where staff assumed only 75 percent pass through. Using a higher estimate for cost pass through than for savings pass through makes the estimate of the ratio of consumer payments to consumer benefits conservative.

## APPENDIX J

List of *USF/ICC Transformation NPRM* Commenters and Reply Commenters**Commenter****Abbreviation**

Accipiter Communications	Accipiter
Ad Hoc Telecommunications Users Committee	Ad Hoc
ADTRAN	ADTRAN
Advanced Regional Communications Cooperative	Advanced Regional
Alaska Regulatory Commission	Alaska Commission
Alaska Communications Systems Group	ACS
Alaska Telephone Association	ATA
Albion Telephone Company	Albion Telephone
Alexicon Telecommunications Consulting	Alexicon
Allband Communications Cooperative	Allband Communications
American Cable Association	ACA
American Library Association	ALA
American Public Communications Council	APCC
AT&T	AT&T
Aventure Communications Technology	Aventure
Blooston Rural Carriers	Blooston
Box Top Solutions	Box Top
Cablevision Systems Corporation	Cablevision
Calaveras Telephone Company	Calaveras Telephone
California Emerging Technology Fund	CETF
California Public Utilities Commission	California Commission
Cambridge Telephone Company	Cambridge Telephone
Cascade Utilities	Cascade
Cbeyond, Integra Telecom and tw telecom	Cbeyond et al.
Cellular South	Cellular South
Center for Social Inclusion	Center for Social Inclusion
Central Texas Telephone Cooperative	Central Texas Telephone
CenturyLink	CenturyLink
Charter Communications	Charter
Coalition for Rational Universal Service and Intercarrier Reform	Coalition for Reform
CoBank	CoBank
Comcast Corporation	Comcast
Communications Workers of America	CWA
COMPTEL	COMPTEL
Connected Nation	Connected Nation
Connectiv Solutions	Connectiv
Core Communications	Core
Cox Communications	Cox
Coalition for Rational Universal Service and Intercarrier Reform	CRUSIR
CTIA – The Wireless Association	CTIA
Custer Telephone Cooperative	Custer Telephone
Delhi Telephone Company	Delhi Telephone
District of Columbia Public Service Commission	DC Commission
Docomo Pacific, PR Wireless, Choice Communications, and	DoCoMo et al.

AST Telecom, d/b/a BlueSky Communications	
Ducor Telephone Company	Ducor Telephone
EarthLink	EarthLink
Empirix	Empirix
FairPoint Communications	FairPoint
Farmers Mutual Telephone Company	Farmers Mutual
FeatureGroup IP	FeatureGroup IP
Fidelity Telephone Company	Fidelity Telephone
Filer Mutual Telephone – Idaho	Filer Mutual-ID
Filer Mutual Telephone – Nevada	Filer Mutual-NV
Florida Public Service Commission	Florida Commission
Free Press	Free Press
Free State Foundation	Free State
Frontier Communications Corporation	Frontier
General Communication	GCI
Global Crossing North America	Global Crossing
Google	Google
Greenlining Institute	Greenlining
Guadalupe Valley Telephone Cooperative	Guadalupe Valley Telephone
GVNW Consulting	GVNW
Hawaiian Telcom	Hawaiian Telcom
Hill Country Telephone Cooperative	Hill Country Telephone
Hospital Sisters Health System	HSBS
ICORE	ICORE
Independent Telephone & Telecommunications Alliance	ITTA
Indiana Utility Regulatory Commission	Indiana Commission
Information Technology Industry Council	ITI
InterBel Telephone Cooperative	InterBel Telephone
Internet2	Internet2
Internert2 Ad Hoc Health Group	Internet2 Health
Iowa Telecommunications Association	ITA
Iowa Utilities Board	IUB
John Staurulakis	JSI
Kalona Cooperative Telephone Company	Kalona Telephone
Kansas Corporation Commission	Kansas Commission
Kansas Rural Independent Telephone Companies, State Independent Telephone Associations and Rural Telecommunication Management Council	Kansas Rural Companies et al.
Level 3 Communications	Level 3
Louisiana Telecommunications Association Small Company Committee	Louisiana Small Company Committee
Madison Telephone	Madison Telephone
Massachusetts Department of Telecommunications and Cable	Massachusetts DTC
Mercatus Center	Mercatus
MetroPCS Communications	MetroPCS
Michigan Public Service Commission	Michigan Commission
Midvale Telephone Exchange – AZ	Midvale Telephone-AZ
Midvale Telephone Exchange – ID	Midvale Telephone-ID
Mississippi Public Service Commission	Mississippi Commission
Missouri Public Service Commission	Missouri Commission
Missouri Small Telephone Company Group	MoSTCG



Mobile Future	Mobile Future
Moss Adams	Moss Adams
Motalla Telephone Company	Motalla Telephone
MTPCS, d/b/a Cellular One	Cellular One
MTPCS, d/b/a Cellular One, and NE Colorado Cellular, d/b/a Viaero Wireless	Cellular One and Viaero
National Association of Regulatory Utility Commissioners	NARUC
National Association of State Utility Consumer Advocates	NASUCA
National Association of Telecommunications Officers and Advisors	NATOA
National Cable & Telecommunications Association	NCTA
Native Telecom Coalition for Broadband	NTCB
Nebraska Public Service Commission	Nebraska Commission
Nebraska Rural Independent Companies	Nebraska Rural Companies
NECA, NTCA, OPASTCO, WTA and Concurring Associations	Rural Associations
Nehalem Telecommunications	Nehalem Telecom
Neutral Tandem	Neutral Tandem
New America Foundation, Consumers Union and Media Access Project	New America Foundation et al.
The New Jersey Board of Public Utilities	New Jersey Board
New Jersey Division of Rate Counsel	New Jersey Rate Counsel
New York State Public Service Commission	New York Commission
North County Communications Corporation	North County
North Dakota Public Service Commission	North Dakota Commission
Northern Telephone Cooperative	Northern Telephone
NTCH	NTCH
Odessa Office Equipment	Odessa
Ohio Public Utilities Commission	Ohio Commission
Oregon Telecommunications Association	OTA
Pac-West Telecomm	Pac-West
PAETEC, TelePacific RCN and TDS Metrocom	PAETEC et al.
Partner Communications Cooperative	Partner Communications
PCIA—The Wireless Infrastructure Association	PCIA
Pend Oreille Telephone Company	Pend Oreille Telephone
Pine Telephone System	Pine Telephone
Prepaid Card Providers	Prepaid Card Providers
Public Knowledge and the Benton Foundation	Public Knowledge and Benton
Puerto Rico Telephone Company	PRTC
Recently Converted Price Cap Carriers	Price Cap Carriers
Robert Hart	Robert Hart
Rural Broadband Alliance	RBA
Rural Carriers Supporting State Universal Service Funds	Rural Carriers-State USF
Rural Cellular Association	RCA
Rural Independent Competitive Alliance	RICA
Rural Telecommunications Carriers Coalition	RTCC
Rural Telecommunications Group	RTG
Rural Telephone Company – Idaho	Rural Telephone-ID
Rural Telephone Company – Nevada	Rural Telephone-NV
Rural Telephone Service Company	Rural Telephone Service
San Juan Cable, d/b/a OneLink Communications	OneLink
Satellite Broadband Providers	Satellite Providers
Schools, Health and Libraries Broadband Coalition	SHLB Coalition
Scio Mutual Telephone Association	Scio Telephone



SE Acquisitions, d/b/a SouthEast Telephone	SouthEast Telephone
Smith Bagley	Smith Bagley
Sprint Nextel Corporation	Sprint
St. Louis Broadband	St. Louis Broadband
State Members of the Federal State Joint Board on Universal Service	State Members
SureWest Communications	SureWest
TCA	TCA
TDS Telecommunications Corporation	TDS
TechAmerica	TechAmerica
Telecommunications Association of Maine	TAM
Telecommunications Industry Association	TIA
T-Mobile USA	T-Mobile
Texas Statewide Telephone Cooperative	Texas Telephone
Time Warner Cable	Time Warner Cable
United States Cellular Corporation	U.S. Cellular
United States Telecom Association	USTelecom
Universal Service for America Coalition	USA Coalition
Utah Public Service Commission	Utah Commission
Utah Rural Telecom Association	URTA
Verizon and Verizon Wireless	Verizon
ViaSat	ViaSat
Virgin Islands Public Services Commission	Virgin Islands Commission
Virgin Islands Telephone Corporation	Vitelco
Vonage Holdings Corp.	Vonage
Warinner, Gesinger and Associates	WGA
Washington Independent Telecommunications Association	WITA
Washington Utilities and Transportation Commission	Washington Commission
Wheat State Telephone	Wheat State Telephone
Windstream Communications	Windstream
Wireless Internet Service Providers Association	WISPA
XO Communications	XO
ZipDX	ZipDX

**Reply Commenter**

ADTRAN  
 Alaska Federation of Natives  
 Alaska Regulatory Commission  
 Alliance for Community Media  
 American Cable Association  
 American Public Power Association and Iowa Association of  
     Municipal Utilities  
 Arizona Corporation Commission  
 AT&T  
 Bandwidth.com  
 Blooston Rural Carriers  
 Brazos Valley Council of Governments, Health Information Exchange  
     of Montana, New England Telehealth Consortium, Oregon  
     Health Network and Utah Telehealth Network

**Abbreviation**

ADTRAN  
 Alaska Federation  
 Alaska Commission  
 Alliance for Community Media  
 ACA  
 APPA and IAMU  
  
 Arizona Commission  
 AT&T  
 Bandwidth.com  
 Blooston  
 Brazos Valley Council et al.

Cablevision Systems Corporation	Cablevision
Cbeyond, Integra Telecom and tw telecom	Cbeyond et al.
Cellular South	Cellular South
CenturyLink	CenturyLink
Charter Communications	Charter
Cincinnati Bell	Cincinnati Bell
Comporium Companies	Comporium
Cox Communications	Cox
CTIA – The Wireless Association	CTIA
EarthLink	EarthLink
FairPoint Communications	FairPoint
Fiber-to-the-Home Council	Fiber-to-the-Home
Free State Foundation	Free State
Frontier Communications Corporation	Frontier
General Communication	GCI
Golden West Telecommunications Cooperative, Midstate Communications and Venture Communications Cooperative	Golden West et al.
Granite Telecommunications	Granite
GVNW Consulting	GVNW
Hargray Telephone Company	Hargray Telephone
Hawaii, State of	Hawaii
Hawaiian Telcom	Hawaiian Telcom
HyperCube Telecom	HyperCube
IMPACT 20/20	IMPACT 20/20
Independent Telephone & Telecommunications Alliance	ITTA
Iowa Utilities Board	IUB
IT&E	IT&E
JDS Uniphase Corporation	JDSU
John Staurulakis	JSI
Kansas Rural Independent Telephone Companies, State Independent Telephone Associations and Rural Telecommunication Management Council	Kansas Rural Companies, et al.
LARIAT	LARIAT
Louisiana Telecommunications Association Small Company Committee	Louisiana Small Company Committee
Maine Office of the Public Advocate	Maine Public Advocate
Michigan Public Service Commission	Michigan Commission
Mid-Atlantic Conference of Regulatory Utility Commissions	MACRUC
Mid-Rivers Communications	Mid-Rivers
Minnesota Independent Coalition	MIC
Missouri Small Telephone Company Group	MoSTCG
Montana Independent Telecommunications Systems	MITS
Montana Public Service Commission	Montana Commission
MTPCS, d/b/a Cellular One	Cellular One
National Association of State Utility Consumer Advocates	NASUCA
National Cable & Telecommunications Association	NCTA
Native Telecom Coalition for Broadband	NTCB
Nebraska Rural Independent Companies	Nebraska Rural Companies
NECA, NTCA, OPASTCO, WTA and Concurring Associations	Rural Associations
Neutral Tandem	Neutral Tandem
New America Foundation, Consumers Union and Media Access Project	New America Foundation et al.

New Jersey Division of Rate Counsel	New Jersey Rate Counsel
New Mexico Public Regulation Commission	New Mexico Commission
NobelTel	NobelTel
Pac-West Telecomm	Pac-West
PAETEC, TelePacific, RCN and TDS Metrocom	PAETEC et al.
PCIA—The Wireless Infrastructure Association	PCIA
Pennsylvania Public Utility Commission	Pennsylvania Commission
Pennsylvania Telephone Association	PTA
Public Service Telephone Company	Public Service Telephone
Puerto Rico Telephone Company	PRTC
Robert Hart	Robert Hart
Rural Broadband Alliance	RBA
Rural Cellular Association	RCA
Rural Telecommunications Carriers Coalition	RTCC
Rural Telecommunications Group	RTG
Rural Telephone Service Company	Rural Telephone Service
San Juan Cable, d/b/a OneLink Communications	OneLink
Satellite Broadband Providers	Satellite Providers
South Dakota Public Utilities Commission	South Dakota Commission
South Dakota Telecommunications Association	SDTA
SouthernLINC Wireless	SouthernLINC
SureWest Communications	SureWest
TCA	TCA
T-Mobile USA	T-Mobile
Total Call International	Total Call
United States Cellular Corporation	U.S. Cellular
Universal Service for America Coalition	USA Coalition
Utah Rural Telecom Association	URTA
Verizon and Verizon Wireless	Verizon
Vermont Department of Public Service and Vermont Public Service Board	Vermont Board
Vonage Holdings Corp.	Vonage
Windstream Communications	Windstream
Wisconsin Public Service Commission	Wisconsin Commission
Wyoming Public Service Commission	Wyoming Commission
XO Communications	XO



## APPENDIX K

**List of *USF/ICC Transformation NPRM* Section XV Commenters and Reply Commenters**

<b><u>Commenter</u></b>	<b><u>Abbreviation</u></b>
01 Communications and Vaya Telecom	01 and Vaya
Advanced Regional Communications Cooperative	Advanced Regional
Alaska Telephone Association	ATA
Alliance for Telecommunications Industry Solutions	ATIS
American Legislative Exchange Council	ALEC
Association of Teleservices International	Teleservices
AT&T	AT&T
Aventure Communications Technology	Aventure
Beehive Telephone Co.	Beehive
Blooston Rural Carriers	Blooston
Bluegrass Telephone Company, d/b/a Kentucky Telephone, and Northern Valley Communications	Bluegrass
Bright House Networks Information Services	Bright House
Cablevision Systems and Charter Communications	Cablevision and Charter
California Public Utilities Commission	California Commission
Cbeyond, Integra Telecom and tw telecom	Cbeyond et al.
CenturyLink	CenturyLink
Coalition for Rational Universal Service and Intercarrier Reform	CRUSIR
Comcast Corporation	Comcast
COMPTEL	COMPTEL
Connectiv Solutions	Connectiv
Consolidated Communications Holdings	Consolidated
Core Communications	Core
Cox Communications	Cox
CTIA – The Wireless Association	CTIA
Communications Workers of America	CWA
EarthLink	EarthLink
Empirix	Empirix
FairPoint Communications	FairPoint
FeatureGroup IP	FeatureGroup IP
Free Conferencing Corporation	Free Conferencing Corporation
Free State Foundation	Free State
Frontier Communications Corporation	Frontier
Global Conference Partners	Global
Google	Google
GVNW Consulting	GVNW
Hawaiian Telcom	Hawaiian Telcom
HyperCube Telecom	HyperCube
ICORE	ICORE
Independent Telephone & Telecommunications Alliance	ITTA
Indiana Utility Regulatory Commission	Indiana Commission
Iowa Utilities Board	IUB
Kansas Corporation Commission	Kansas Commission

Louisiana Telecommunications Association Small Company Committee	Louisiana Small Company Committee
Leap Wireless International and Cricket Communications	Leap Wireless and Cricket
Level 3 Communications	Level 3
MegaPath and Covad Communications Company	MegaPath
MetroPCS Communications	MetroPCS
Michigan Public Service Commission	Michigan Commission
Mississippi Public Service Commission	Mississippi Commission
Missouri Public Service Commission	Missouri Commission
Missouri Small Telephone Company Group	MoSTCG
National Association of Regulatory Utility Commissioners	NARUC
National Association of State Utility Consumer Advocates and New Jersey Division of Rate Counsel	NASUCA and NJ Rate Counsel
Nebraska Rural Independent Companies	Nebraska Rural Companies
NECA, NTCA, OPASTCO, ERTA and WTA	Rural Associations
Neutral Tandem	Neutral Tandem
North County Communications Corporation	North County
Ohio Public Utilities Commission	Ohio Commission
OmniTel Communications and Tekstar Communications	OmniTel and Tekstar
Pennsylvania Public Utility Commission	Pennsylvania Commission
Pac-West Telecomm	Pac-West
PAETEC, TelePacific and RCN	PAETEC et al.
RNK Communications	RNK
Rural LEC Section XV Group	Rural LECs
Sprint Nextel Corporation	Sprint
St. Louis Broadband	St. Louis Broadband
SureWest Communications	SureWest
TCA	TCA
TDS Telecommunications Corporation	TDS
TEXALTEL	TEXALTEL
T-Mobile USA	T-Mobile
Texas Statewide Telephone Cooperative	Texas Telephone
Time Warner Cable	Time Warner Cable
Toledo Telephone Company	Toledo Telephone
United States Telecom Association	USTelecom
Verizon and Verizon Wireless	Verizon
Voice on the Net Coalition	VON Coalition
Vonage Holdings Corp.	Vonage
Warinner, Gesinger and Associates	WGA
Washington Utilities and Transportation Commission	Washington Commission
Windstream Communications	Windstream
XO Communications	XO
YMax Corporation	YMax
ZipDX	ZipDX

**Reply Commenter****Abbreviation**

AT&T	AT&T
Beehive Telephone Co.	Beehive
Bluegrass Telephone Company, d/b/a Kentucky Telephone, and Northern Valley Communications	Bluegrass
Bright House Networks Information Services	Bright House
Cablevision Systems and Charter Communications	Cablevision and Charter
Cbeyond, Integra Telecom and tw telecom	Cbeyond et al.
CenturyLink	CenturyLink
Coalition for Rational Universal Service and Intercarrier Reform	Coalition for Reform
Comcast Corporation	Comcast
COMPTEL	COMPTEL
Consolidated Communications Holdings	Consolidated
Core Communications	Core
Cox Communications	Cox
Coalition for Rational Universal Service and Intercarrier Reform	CRUSIR
EarthLink	EarthLink
FeatureGroup IP	FeatureGroup IP
Free Conferencing Corporation	Free Conferencing Corporation
Frontier Communications Corporation	Frontier
Global Conference Partners	Global
Halo Wireless	Halo
HyperCube Telecom	HyperCube
Independent Telephone & Telecommunications Alliance	ITTA
Iowa Telecommunications Association	Iowa Telecom Association
Level 3 Communications	Level 3
Michigan Public Service Commission	Michigan Commission
Montana Independent Telecommunications Systems	Montana Telecom Systems
National Association of State Utility Consumer Advocates and New Jersey Division of Rate Counsel	NASUCA and NJ Rate Counsel
Nebraska Public Service Commission	Nebraska Commission
Nebraska Rural Independent Companies	Nebraska Rural Companies
NECA, NTCA, OPASTCO, ERTA and WTA	Rural Associations
North County Communications Corporation	North County
OmniTel Communications and Tekstar Communications	OmniTel and Tekstar
Pac-West Telecomm	Pac-West
PAETEC, TelePacific and RCN	PAETEC et al.
Sprint Nextel Corporation	Sprint
Time Warner Cable	Time Warner Cable
UTEX Communications Corp., d/b/a FeatureGroup IP	UTEX
Vonage Holdings Corp.	Vonage
Verizon and Verizon Wireless	Verizon
XO Communications	XO



## APPENDIX L

## WT Docket No. 10-208

**Lists of *Mobility Fund NPRM* and *Mobility Fund Tribal Public Notice* Commenters  
and Reply Commenters**

**Mobility Fund NPRM****Commenter****Abbreviation**

Alaska Communications Systems	ACS
Alaska Telephone Association	ATA
AT&T	AT&T
Blooston Rural Carriers	Blooston
California Public Utilities Commission	California Commission
Cellular South; NE Colorado Cellular, d/b/a Viaero Wireless; Rural Cellular Association; and Westlink Communications	Cellular South et al.
CenturyLink	CenturyLink
Commnet Wireless	Commnet
CTIA – The Wireless Association	CTIA
Free Press	Free Press
General Communication	GCI
Gila River Telecommunications	Gila River
Greenlining Institute	Greenlining
GVNW Consulting	GVNW
Independent Telephone & Telecommunications Alliance	ITTA
Indiana Utility Regulatory Commission	Indiana Commission
Joint Center for Political and Economic Studies	JCPES
MetroPCS Communications	MetroPCS
Mid-Rivers Telephone Cooperative and Cable & Communications Corporation, d/b/a Mid-Rivers Communications	Mid-Rivers
Mobile Future	Mobile Future
MTPCS, d/b/a Cellular One	Cellular One
National Association of State Utility Consumer Advocates	NASUCA
National Cable & Telecommunications Association	NCTA
National Tribal Telecommunications Association	NTTA
Native Public Media and the National Congress of American Indians	Native Public Media
NECA, NTCA, OPASTCO, ERTA and WTA	NECA et al.
New EA, d/b/a Flow Mobile	New EA
NTCH	NTCH
Ohio Public Utilities Commission	Ohio Commission
PCIA – The Wireless Infrastructure Association	PCIA
PR Wireless	PR Wireless
Rural Cellular Association	RCA
Rural Telecommunications Group	RTG
Sprint Nextel Corporation	Sprint

TechAmerica  
 Telecommunications Industry Association  
 Texas Statewide Telephone Cooperative  
 T-Mobile USA  
 U.S. Cellular  
 United States Telecom Association  
 USA Coalition  
 Verizon and Verizon Wireless  
 Windstream Communications  
 Worldcall Interconnect

TechAmerica  
 TIA  
 Texas Statewide Coop  
 T-Mobile  
 US Cellular  
 USTelecom  
 USA Coalition  
 Verizon  
 Windstream  
 Worldcall

### **Reply Commenter**

Alaska Governor's Office  
 Alaska Regulatory Commission  
 American Cable Association  
 Benton Foundation, New America Foundation and Office of  
     Communication for the United Church of Christ  
 Communications Workers of America  
 CTIA – The Wireless Association  
 Florida Public Service Commission  
 General Communication  
 Greenlining Institute  
 Hispanic Information and Telecommunications Network  
 Native Public Media and the National Congress of American Indians  
 Navajo Nation Telecommunications Regulatory Commission  
 NE Colorado Cellular, d/b/a Viaero Wireless  
 PCIA – The Wireless Infrastructure Association  
 PR Wireless  
 Rural Cellular Association  
 Rural Independent Competitive Alliance  
 SouthernLINC Wireless  
 Telecommunications Industry Association  
 Texas Statewide Telephone Cooperative  
 U.S. Cellular  
 USA Coalition  
 Verizon and Verizon Wireless  
 Windstream Communications

### **Abbreviation**

Alaska Governor  
 Alaska Commission  
 ACA  
 Benton et al.  
  
 CWA  
 CTIA  
 Florida Commission  
 GCI  
 Greenlining  
 HITN  
 Native Public Media  
 Navajo Commission  
 Viaero Wireless  
 PCIA  
 PR Wireless  
 RCA  
 RICA  
 SouthernLINC  
 TIA  
 Texas Statewide Coop  
 US Cellular  
 USA Coalition  
 Verizon  
 Windstream

### **Mobility Fund Tribal Public Notice**

#### **Commenter**

Alaska Telephone Association, Alaska Communications  
     and General Communications  
 Kawerak  
 National Tribal Telecommunications Association  
 Native Public Media and the National Congress of American Indians

#### **Abbreviation**

ATA et al.  
  
 Kawerak  
 NTTA  
 Native Public Media

NTCH

**Smith Bagley**

**Southern California Tribal Digital Village**

**The Standing Rock Sioux Tribe and Standing Rock**

**Telecommunications**

**Twin Houses Consulting**

**Winnebago Tribe of Nebraska**

NTCH

**Smith Bagley**

**SoCal TDV**

**Standing Rock**

**Twin Houses**

**Winnebago Tribe**



## APPENDIX M

*List of August 3, 2011 Public Notice Commenters and Reply Commenters*CommenterAbbreviation

AARP	AARP
ADTRAN	ADTRAN
Ad Hoc Telecommunications Users Committee	Ad Hoc
Alaska Communications Systems Group	ACS
Alaska Rural Coalition	ARC
Alexicon Telecommunications Consulting	Alexicon
American Cable Association	ACA
Asian American Justice Center	AAJC
AT&T, CenturyLink, Fairpoint, Frontier, Verizon and Windstream	ABC Plan Proponents
Arizona Local Exchange Carrier Association	ALECA
Bright House Networks Information Services	Bright House
California Independent Telephone Companies, Colorado Telecommunications Association, Idaho Telecom Alliance, Montana Telecommunications Association, Oregon Telecommunications Association, Washington Independent Telecommunications Association and Wyoming Telecommunications Association	CITC et al.
California Public Utilities Commission	California Commission
Cbeyond, Integra Telecom and tw telecom	Cbeyond et al.
Cellular South	Cellular South
Charter Communications	Charter
Cincinnati Bell	Cincinnati Bell
Coalition for Rational Universal Service and Intercarrier Reform	CRUSIR
Comcast Corporation	Comcast
Communications Workers of America	CWA
COMPTEL	COMPTEL
Connecticut Public Utilities Regulatory Authority	Connecticut PURA
Consolidated Communications Holdings	Consolidated
Cox Communications	Cox
CTIA – The Wireless Association	CTIA
Delaware Public Service Commission	Delaware Commission
District of Columbia Public Service Commission	DC Commission
EarthLink	EarthLink
Free Conferencing Corporation	Free Conferencing Corporation
Free Press	Free Press
Free State Foundation	Free State
General Communication	GCI
Gila River Telecommunications	Gila River
Google	Google
Granite Telecommunications	Granite
Greenlining Institute	Greenlining
GTA Telecom	GTA
GVNW Consulting	GVNW

Hargray Telephone Company	Hargray Telephone
Hawaii, State of	Hawaii
Hawaiian Telcom	Hawaiian Telcom
Hispanic Technology and Telecommunications Partnership	HTTP
HyperCube Telecom	HyperCube
iBasis Retail	iBasis
ICORE	ICORE
Illinois Independent Telephone Association	Illinois Independents
InCharge Systems	InCharge
Independent Telephone & Telecommunications Alliance, Cincinnati Bell, Hargray Telephone Company and HickoryTech Corporation	ITTA et al.
Indiana Telecommunications Association	ITA
Indiana Utility Regulatory Commission	Indiana Commission
Iowa Utilities Board	IUB
IT&E	IT&E
Kansas Rural Independent Telephone Companies, State Independent Telephone Associations and Rural Telecommunication Management Council	Kansas Rural Companies, et al.
Level 3 Communications	Level 3
Louisiana Public Service Commission	Louisiana Commission
Louisiana Public Service Commissioner Holloway	Louisiana Comm'r Holloway
Louisiana Public Service Commissioner Skrmetta	Louisiana Comm'r Skrmetta
Louisiana Telecommunications Association Small Company Committee	Louisiana Small Company Committee
Maine Public Utilities Commission and Vermont Public Service Board	Maine and Vermont Commissions
Massachusetts Department of Telecommunications and Cable	Massachusetts DTC
Mendocino Community Network	Mendocino
MetroPCS Communications	MetroPCS
Michigan Public Service Commission	Michigan Commission
Missouri Public Service Commission	Missouri Commission
Missouri Telecommunications Industry Association	MTIA
Mobile Future	Mobile Future
Moss Adams	Moss Adams
MTPCS, d/b/a Cellular One	Cellular One
National Association of Regulatory Utility Commissioners	NARUC
National Association of State Utility Consumer Advocates	NASUCA
National Cable & Telecommunications Association	NCTA
National Tribal Telecommunications Association	NTTA
Native Telecom Coalition for Broadband	NTCB
Nebraska Public Service Commission	Nebraska Commission
Nebraska Rural Independent Companies	Nebraska Rural Companies
NECA, NTCA, OPASTCO and WTA	Rural Associations
Nevada Telecommunications Association	NTA
New Hampshire Public Utilities Commission	New Hampshire Commission
New Jersey Board of Public Utilities	New Jersey Board
New Mexico Exchange Carrier Group	NMECG
New York State Public Service Commission	New York Commission
NE Colorado Cellular, d/b/a Viaero Wireless	Viaero Wireless
Ohio Public Utilities Commission	Ohio Commission

Ohio Telecom Association	Ohio TA
Oklahoma Telephone Association	Oklahoma TA
Oregon Public Utility Commission	Oregon Commission
Pac-West Telecomm	Pac-West
PAETEC Holding Corp.	PAETEC
Pennsylvania Public Utility Commission	Pennsylvania Commission
Panhandle Telecommunication Systems	Panhandle
Public Knowledge and the Benton Foundation	Public Knowledge and Benton
Puerto Rico Telephone Company	PRTC
Reason Foundation	Reason
Rural Arkansas Telephone Systems	Rural Arkansas
Rural Broadband Alliance	RBA
Rural Cellular Association	RCA
Rural Independent Competitive Alliance	RICA
Rural Telecommunications Group	RTG
Satellite Broadband Providers	Satellite Providers
Schools, Health and Libraries Broadband Coalition	SHLB Coalition
Smith Bagley	Smith Bagley
South Dakota Public Utilities Commission	South Dakota Commission
South Dakota Telecommunications Association	SDTA
SouthernLINC Wireless	SouthernLINC
Sprint Nextel Corporation	Sprint
Standing Rock Sioux Tribe and Standing Rock Telecommunications	Standing Rock
SureWest Communications	SureWest
TCA	TCA
TDS Telecommunications Corporation	TDS
Telecommunications Industry Association	TIA
Tennessee Regulatory Authority	Tennessee Commission
Texas Statewide Telephone Cooperative	Texas Telephone
Time Warner Cable	Time Warner Cable
T-Mobile USA	T-Mobile
United States Cellular Corporation	U.S. Cellular
Universal Service for America Coalition	USA Coalition
U.S. Distance Learning Association	USDLA
Valley Telephone Cooperative	Valley Telephone
Virginia State Corporation Commission Staff	Virginia Commission
Vonage Holdings Corp.	Vonage
Voice on the Net Coalition	VON Coalition
Washington Utilities and Transportation Commission	Washington Commission
Wisconsin Public Service Commission	Wisconsin Commission
Wisconsin State Telecommunications Association	WSTA
XO Communications	XO



**Reply Commenter**

Alaska Communications Systems Group  
 Alaska Regulatory Commission  
 Alaska Rural Coalition  
 American Cable Association  
 AT&T, CenturyLink, Fairpoint, Frontier, Verizon and Windstream  
 Bandwidth.com  
 Blooston Rural Carriers  
 Bright House Networks Information Services  
 BT Americas  
 Cablevision Systems Corporation  
 Cbeyond, Integra Telecom and tw telecom  
 Cellular South  
 Charter Communications  
 Coalition of Large Tribes and Great Plains Tribal Chairman's  
 Association  
 Coalition for Rational Universal Service and Intercarrier Reform  
 Consumer Federation of America and Consumers Union  
 Cox Communications  
 Docomo Pacific, PR Wireless and Choice Communications  
 Fiber-to-the-Home Council  
 Free Conferencing Corporation  
 General Communication  
 GVNW Consulting  
 Hargray Telephone Company  
 Hawaiian Telcom  
 Home Telephone Company  
 HyperCube Telecom  
 Independent Telephone & Telecommunications Alliance, Cincinnati  
 Bell, Hargray Telephone Company and HickoryTech  
 Corporation  
 Information Technology and Innovation Foundation  
 Iowa Association of Municipal Utilities  
 Iowa Telecommunications Association  
 Kansas Corporation Commission  
 LARIAT  
 Level 3 Communications  
 LightSquared Subsidiary  
 Maryland Public Service Commission  
 MegaPath and Covad Communications Company  
 MetroPCS Communications  
 Michigan Public Service Commission  
 Midcontinent Communications  
 Mid-Rivers Communications  
 Minnesota Independent Coalition  
 Montana Independent Telecommunications Systems  
 Montana Public Service Commission  
 MTPCS, d/b/a Cellular One  
 National Association of State Utility Consumer Advocates

**Abbreviation**

ACS  
 Alaska Commission  
 ARC  
 ACA  
 ABC Plan Proponents  
 Bandwidth.com  
 Blooston  
 Bright House  
 BT  
 Cablevision  
 Cbeyond et al.  
 Cellular South  
 Charter  
 COLT and GPTCA  
  
 CRUSIR  
 CFA and CU  
 Cox  
 Docomo et al.  
 Fiber-to-the-Home  
 Free Conferencing Corporation  
 GCI  
 GVNW  
 Hargray Telephone  
 Hawaiian Telcom  
 Home Telephone  
 HyperCube  
 ITTA et al.  
  
 ITIF  
 IAMU  
 ITA  
 Kansas Commission  
 LARIAT  
 Level 3  
 LightSquared  
 Maryland Commission  
 MegaPath  
 MetroPCS  
 Michigan Commission  
 Midcontinent  
 Mid-Rivers  
 MIC  
 MITS  
 Montana Commission  
 Cellular One  
 NASUCA

National Congress of Black Women	NCBW
Native Telecom Coalition for Broadband	NTCB
Nebraska Rural Independent Companies	Nebraska Rural Companies
NECA, NTCA, OPASTCO and WTA	Rural Associations
NE Colorado Cellular, d/b/a Viaero Wireless	Viaero Wireless
Neutral Tandem	Neutral Tandem
Nevada Public Utilities Commission	Nevada Commission
New America Foundation, Consumers Union and Media Access Project	New America Foundation et al.
Northern Telephone & Data Corporation	NTD
Pac-West Telecomm	Pac-West
PAETEC Holding Corp.	PAETEC
Pennsylvania Public Utility Commission	Pennsylvania Commission
Puerto Rico Telephone Company	PRTC
Ronan Telephone Company and Hot Springs Telephone Company	Ronan and Hot Springs
Rural Cellular Association	RCA
Rural Coalition	Rural Coalition
Rural Iowa Independent Telephone Association	RIITA
Rural Telecommunications Group	RTG
Satellite Broadband Providers	Satellite Providers
Smith Bagley	Smith Bagley
SouthernLINC Wireless	SouthernLINC
TDS Metrocom	TDS Metrocom
Texas Statewide Telephone Cooperative	Texas Telephone
United States Cellular Corporation	U.S. Cellular
Universal Service for America Coalition	USA Coalition
Virgin Islands Telephone Corporation	Vitelco
Vonage Holdings Corp.	Vonage
WideOpenWest Finance	WOW
Wyoming Public Service Commission	Wyoming Commission

## APPENDIX N

## Illustrative Form of Letter Of Credit

**[Subject to Issuing Bank Requirements]**  
**No. \_\_\_\_\_**

[Name and Address of Issuing Bank]

[Date of Issuance]

[AMOUNT]

[EXPIRATION DATE]

## BENEFICIARY

[USAC]

[Address]

## LETTER OF CREDIT PROVIDER

[Winning Bidder Name]

[Address]

Ladies and Gentlemen:

We hereby establish, at the request and for the account of [Winning Bidder], in your favor, as required under the [Report and Order, adopted on October 27, 2011] issued by the Federal Communications Commission ("FCC") in the matter of [Connect America Fund, WC Docket 10-90] (the "Order"), our Irrevocable Standby Letter of Credit No. \_\_\_\_\_, in the amount of [State amount of Letter of Credit in words and figures. NOTE: The amount of the Letter of Credit shall increase/additional letter(s) of credit shall be issued as additional funds are disbursed pursuant to the terms of the Order], expiring at the close of banking business at our office described in the following paragraph, on [the date which is \_\_\_ years from the date of issuance/ or the date which is one year from the date of issuance, provided the Issuing Bank includes an evergreen clause that provides for automatic renewal unless the Issuing Bank gives notice of non-renewal to USAC by a nationally recognized overnight delivery service, with a copy to the FCC, at least sixty days but not more than ninety days prior to the expiry thereof], or such earlier date as the Letter of Credit is terminated by [USAC] (the "Expiration Date"). Capitalized terms used herein but not defined herein shall have the meanings accorded such terms in the Order.

Funds under this Letter of Credit are available to you against your draft in the form attached hereto as Annex A, drawn on our office described below, and referring thereon to the number of this Letter of Credit, accompanied by your written and completed certificate signed by you substantially in the form of Annex B attached hereto. Such draft and certificates shall be dated the date of presentation or an earlier date, which presentation shall be made at our office located at [BANK ADDRESS] and shall



be effected either by personal delivery or delivery by a nationally recognized overnight delivery service. We hereby commit and agree to accept such presentation at such office, and if such presentation of documents appears on its face to comply with the terms and conditions of this Letter of Credit, on or prior to the Expiration Date, we will honor the same not later than the first banking day after presentation thereof in accordance with your payment instructions. Payment under this Letter of Credit shall be made by [check/wire transfer of Federal Reserve Bank of New York funds] to the payee and for the account you designate, in accordance with the instructions set forth in a draft presented in connection with a draw under this Letter of Credit.

Partial drawings are not permitted under this Letter of Credit. This Letter of Credit is not transferable or assignable in whole or in part.

This Letter of Credit shall be canceled and terminated upon receipt by us of the [USAC's] certificate purportedly signed by two authorized representatives of [USAC] in the form attached as Annex C.

This Letter of Credit sets forth in full the undertaking of the Issuer, and such undertaking shall not in any way be modified, amended, amplified or limited by reference to any document, instrument or agreement referred to herein, except only the certificates and the drafts referred to herein and the ISP (as defined below); and any such reference shall not be deemed to incorporate herein by reference any document, instrument or agreement except for such certificates and such drafts and the ISP.

This Letter of Credit shall be subject to, governed by, and construed in accordance with, the International Standby Practices 1998, International Chamber of Commerce Publication No. 590 (the "ISP"), which is incorporated into the text of this Letter of Credit by this reference, and, to the extent not inconsistent therewith, the laws of the State of New York, including the Uniform Commercial Code as in effect in the State of New York. Communications with respect to this Letter of Credit shall be addressed to us at our address set forth below, specifically referring to the number of this Letter of Credit.

[NAME OF BANK]

[BANK SIGNATURE]

ANNEX AForm of Draft

To: [Issuing Bank]

DRAWN ON LETTER OF CREDIT No: \_\_\_\_\_

AT SIGHT

PAY TO THE ORDER OF [USAC] BY [CHECK/WIRE TRANSFER OF FEDERAL  
RESERVE BANK OF NEW YORK]

FUNDS TO: \_\_\_\_\_

Account ( \_\_\_\_\_ )

AS [MOBILITY FUND REPAYMENT]

[AMOUNT IN WORDS] DOLLARS AND NO/CENTS

\${AMOUNT IN NUMBERS]

Universal Service Administrative Company

By: \_\_\_\_\_

Name:

Title:

ANNEX BDraw Certificate

The undersigned hereby certifies to [Name of Bank] (the "Bank"), with reference to (a) Irrevocable Standby Letter of Credit No. [Number] (the "Letter of Credit") issued by the Bank in favor of the Universal Service Administrative Company ("USAC") and (b) [paragraph \_\_\_\_] of the [Report and Order, adopted on October 27, 2011] issued by the Federal Communications Commission in the matter of [Connect America Fund, WC Docket 10-90] (the "Order"), pursuant to which [Name of Winning Bidder] (the "LC Provider") has provided the Letter of Credit (all capitalized terms used herein but not defined herein having the meaning stated in the Order), that:

[The [Name of Winning Bidder] has [describe the event that triggers the draw], and is evidenced by a letter signed by the Chief of the [Wireless Telecommunications Bureau/Wireline Competition Bureau] or [his/her] designee, dated \_\_, 20\_\_, a true copy of which is attached hereto.] Accordingly, a draw of the entire amount of the Letter of Credit No. \_\_\_\_\_ is authorized.]

OR

[USAC certifies that given notice of non-renewal of Letter of Credit No. \_\_\_\_\_ and failure of the account party to obtain a satisfactory replacement thereof, pursuant to the Order, USAC is entitled to receive payment of \$ \_\_\_\_\_ representing the entire amount of Letter of Credit No. \_\_\_\_\_.]

IN WITNESS WHEREOF, the undersigned has executed this certificate as of [specify time of day] on the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

Universal Service Administrative Company

By: \_\_\_\_\_

Name:

Title:



ANNEX CCertificate Regarding Termination of Letter of Credit

The undersigned hereby certifies to [Name of Bank] (the "Bank"), with reference to (a) Irrevocable Standby Letter of Credit No. [Number] (the "Letter of Credit") issued by the Bank in favor of the Universal Service Administrative Company ("USAC"), and (b) paragraph [ ] of the [Report and Order adopted on October 27, 2011] issued by the Federal Communications Commission ("FCC") in the matter of [Connect America Fund, WC Docket 10-90] (the "Order"), (all capitalized terms used herein but not defined herein having the meaning stated or described in the Order), that:

(1) [include one of the following clauses, as applicable]

(a) The Order has been fulfilled in accordance with the provisions thereof; or

(b) [LC Provider/Winning Bidder] has provided a replacement letter of credit satisfactory to the FCC.

(2) By reason of the event or circumstance described in paragraph (1) of this certificate and effective upon the receipt by the Bank of this certificate (countersigned as set forth below), the Letter of Credit is terminated.

IN WITNESS WHEREOF, the undersigned has executed this certificate as of the \_\_\_\_ day of \_\_\_\_\_, 201\_\_.

Universal Service Administrative Company

By: \_\_\_\_\_ Name:  
Title:

By: \_\_\_\_\_  
Name:  
Title:

COUNTERSIGNED:

Federal Communications Commission

By: \_\_\_\_\_  
Name:  
Its Authorized Signatory

## APPENDIX O

## Final Regulatory Flexibility Analysis

1. As required by the Regulatory Flexibility Act of 1980 (RFA),<sup>1</sup> as amended, Initial Regulatory Flexibility Analyses (IRFAs) were incorporated in the *Notice of Proposed Rule Making and Further Notice of Proposed Rulemaking (USF/ICC Transformation NPRM)*, in the *Notice of Inquiry and Notice of Proposed Rulemaking (USF Reform NOI/NPRM)*, and in the *Notice of Proposed Rulemaking (Mobility Fund NPRM)* for this proceeding.<sup>2</sup> The Commission sought written public comment on the proposals in the *USF/ICC Transformation NPRM*, including comment on the IRFA. The Commission received comments on the *USF/ICC Transformation NPRM* IRFA.<sup>3</sup> The comments received are discussed below. The Commission did not receive comments on the *USF Reform NOI/NPRM* IRFA or the *Mobility Fund NPRM* IRFA. This present Final Regulatory Flexibility Analysis (FRFA) conforms to the RFA.<sup>4</sup>

**A. Need for, and Objectives of, the Order**

2. The Order adopts fiscally responsible, accountable, incentive-based policies to transition outdated universal service and intercarrier compensation (ICC) systems to the Connect America Fund (CAF), ensuring fairness for consumers and addressing the challenges of today and tomorrow, instead of yesterday. We adopt measured but firm glide paths to provide industry with certainty and sufficient time to adapt to a changed landscape, and establish a regulatory framework which will ultimately distribute all universal service funding in the most efficient and technologically neutral manner possible.

3. For decades, the Commission and the states have administered a complex system of explicit and implicit subsidies to support voice connectivity to the highest cost, most rural, and insular communities in the nation. Networks that provide only voice service, however, are no longer adequate for the country's communication needs. Broadband and mobility have become crucial to our nation's economic development, global competitiveness, and civic life. Businesses need broadband and mobile communications to attract customers and employees, job-seekers need them to find jobs and training, and children need them to get a world-class education. Broadband and mobility also help lower the costs and improve the quality of health care, and enable people with disabilities and Americans of all income levels

<sup>1</sup> 5 U.S.C. § 603. The RFA, 5 U.S.C. §§ 601-612 has been amended by the Contract With America Advancement Act of 1996, Public Law No. 104-121, 110 Stat. 847 (1996) (CWAAA). Title II of the CWAAA is the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA).

<sup>2</sup> *Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up*, WC Docket Nos. 10-90, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 96-45, Notice of Proposed Rulemaking and Further Notice of Proposed Rulemaking, 26 FCC Rcd 4554 (2011) (*USF/ICC Transformation NPRM*); *Universal Service Reform – Mobility Fund*, WT Docket No. 10-208, Notice of Proposed Rulemaking, 25 FCC Rcd 14,716 (2010) (*"Mobility Fund NPRM"*).

<sup>3</sup> See Furchtgott-Roth Economic Enterprises *USF/ICC Transformation NPRM Ex Parte* Comments at 14; Bluegrass Telephone Company *USF/ICC Transformation NPRM* Comments at 35-36; Letter from Brenda Crosby, President, Cascade Utilities, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, et al., at 3 (filed April 6, 2011); Molalla Telephone Company *USF/ICC Transformation NPRM* at 3; Letter from John Hemphill, Vice President, Pine Telephone System, Inc., to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, et al., at 3 (filed March 30, 2011); Letter from Dave Osborn, Valley Telephone Cooperative, Inc. to Marlene H. Dortch, Secretary, FCC, WC Docket Nos. 10-90, et al., at 3 (filed August 29, 2011).

<sup>4</sup> See 5 U.S.C. § 604.



to participate more fully in society. Broadband-enabled jobs are critical to our nation's economic recovery and long-term economic health, particularly in small towns, rural and insular areas, and Tribal lands.

4. Too many Americans today, however, do not have access to modern networks that support mobility and broadband. Millions of Americans live in areas where there is no access to any broadband network. And millions of Americans live, work, or travel in areas without mobile broadband. There are unserved areas in every state of the nation and its territories, and in many of these areas there is little reason to believe that access to broadband service will be provided to these areas in the near future with current policies.<sup>5</sup>

5. Consistent with the challenge of ensuring that all Americans are offered basic voice service and access to networks that support high-speed Internet access where they live, work and travel, extending and accelerating broadband and advanced mobile wireless deployment have been two of the Commission's top priorities over the past few years. The Order focuses on those remote and expensive-to-serve communities where the immediate prospect for stand-alone private sector action is limited.

6. Our existing voice-centric universal service system is built on decades-old assumptions that fail to reflect today's networks, the evolving nature of communications services, or the current competitive landscape. As a result, the current system is not equipped to address the universal service challenges raised by broadband, mobility, and the transition to Internet Protocol (IP) networks.<sup>6</sup>

7. With respect to voice services, consumers are increasingly obtaining such services over broadband networks as well as over traditional circuit switched telephone networks. In the Order, the Commission amends its rules to specify that the functionalities of eligible voice telephony services. The amended definition shifts to a technologically neutral approach, allowing companies to provision voice service over any platform, including the PSTN and IP networks.

8. With respect to broadband, the component of the Universal Service Fund (USF) that supports telecommunications service in high-cost areas has grown from \$2.6 billion in 2001 to a projected \$4.5 billion in 2011, but recipients lack any accountability for advancing broadband-capable infrastructure that delivers voice service. We also lack sufficient mechanisms to ensure all Commission funded broadband investments are prudent and efficient, including the means to target investment to areas that lack a private business case to build broadband. In addition, the "rural-rural" divide must also be addressed— some parts of rural America are connected to state-of-the-art broadband, while other parts of rural America have no broadband access, because the existing program fails to direct money to all parts of rural America where it is needed. Similarly, the Fund supports some mobile providers, but only based on cost characteristics and locations of wireline providers. As a result, the universal service program provides more than \$1 billion in annual support to wireless carriers, yet there remain many areas of the country where people live, work, and travel that lack mobile voice coverage, and still larger geographic areas that lack mobile broadband coverage.<sup>7</sup>

9. For the first time, the Commission establishes a defined budget for the high-cost component of the universal service fund.<sup>8</sup> Establishing a CAF budget ensures that individual consumers will not pay more in contributions due to the reforms we adopt today. We therefore establish an annual funding target, set at the same level as our current estimate for the size of the high-cost program for FY

---

<sup>5</sup> See *supra* Section I.

<sup>6</sup> See *id.*

<sup>7</sup> See *id.*

<sup>8</sup> See *supra* Section VII.B.